

PENSION BOARD MEETING

**Wednesday, February 11, 2015
9:00 AM – Fourth Floor Conference Room**

MEETING MINUTES

Members Present:

Bill Bruton
Barry Echols
Philip Goldstein
Eric Lockhart

Tim Milligan
Freddy Morgan
Jess Zerbe

Absent:

Jake King, Anthony Coleman

Ex-Officio Members:

David Beam – Secretary – “Acting” Director, HR
Sam Lady – Finance Director

Visitors / Guests

Ian Janecek – GAVION
Jackie Deckman – PRINCIPAL FINANCIAL GROUP
Tammy Galvis / Kathy Lin – CRACE, GALVIS, MCGRATH, LLC
Libby Hammock / Meredith Weber – Human Resources
Beth Keller - Finance

1. CALL TO ORDER / DECLARATION OF QUORUM

Chairperson Echols

Chairperson Echols declared a quorum and called the meeting to order at 9:03 am. He opened the meeting by recognizing Police Deputy Chief David Beam who is currently “Acting” Human Resources Director and serving in the role of Ex-Officio Secretary of the Pension Board. His attendance and participation are greatly appreciated.

2. MINUTES FOR APPROVAL

Chairperson Echols

Chairperson Echols called for a motion for approval of the meeting minutes of November 12, 2014.

MOTION:

11.12.14 – Meeting Minutes

- Member Lockhart made the motion to approve the November 12, 2014 minutes as presented.
- Second to the motion by Member Zerbe.

Unanimous by the Board.

3. CRACE, GALVIS, MCGRATH, LLC

Tammy Galvis

Tammy opened her presentation by stating that the annual audit test controls over the plan process indicated no issues. As of June 30 GASB (Government Accounting Standards Board) changes on disclosures and tables will now require disclosure.

3. **CRACE, GALVIS, MCGRATH, LLC**
(Continued)

Tammy Galvis

Page 12 – The City's net pension liability at June 30, 2014 was as follows: (\$ in Thousands)

Total pension liability	\$161,707
Plan fiduciary net position	<u>\$ 97,324</u>
Net pension liability	\$ 64,383

Plan fiduciary net position as a percentage of
The total pension liability: \$ 60.19% (Funded)

Page 15 – Plan Fiduciary Net Position – Beginning	\$84,994
Plan Fiduciary Net Position – Ending	\$97,324
Net Pension Liability	<u>\$64,383</u>
Total Pension Liability	60%

Chairperson Echols pointed out that 60% funded is up from 2013.

**MOTION:
FIDUCIARY**

Member Goldstein called for a motion to receive the Crace Galvis McGrath, LLC Fiduciary Statement into file.
Second to the Motion by Member Lockhart

Unanimous by the Board

Tammy Galvis concluded her presentation, thanked the Board for their time, and left the meeting at 9:10 am.

4. **GAVION**

Ian opened his meeting by referencing Page 4 – 1 year results as of December 31, 2014, the fund is up 6.6%. Page 5 shows the total fund as of December 2014 is at \$96,622,057. He added that the S&P is positive for the year and that the city has no international funds which is positive for the plan at this time.

Total Domestic Equity funds at 1 Year:

Eagle Capital Mgmt.	12.4
Advisory Small Cap	-2.2
Westfield Capital All Cap	12.2
Energy Opportunities	-19.7

Ian recommended that the Board consider replacing the Advisory fund. Eagle is able to keep up with the index (without the Apple allocation.) Orleans is in the portfolio so he feels that a small cap search could be put on the table.

4. **GAVION**
(Continued)

Ian Janeczek

Pg. 2 **Asset Allocations**
Current Nos.

Equity	-	\$57,846,285
Fixed Income	-	\$27,741,987
Alternate Assets	-	\$11,032,828
Cash	-	\$ 956

Ian pointed out, reference to the Asset Allocations current numbers - that Equity is close to maximum and that Fixed is underwt. but is above minimum. Alternate (other) is above target but below maximum.

City of Marietta – Small-Mid Cap Value Search – February 2, 2015

Ian recommended to the Board, to put on the table, replacement of Victory. He proposed three (3) recommendations: SEIZERT – fundamental manager no utilities; WEDGE- just like Advisory, had a good year, and HERNDON has had a very good year.

When asked – Ian stated that his recommendation would be to go with SEIZERT and added that it is consistently the cheapest fund.

MOTION:
CHANGE IN MID CAP FUND

Member Zerbe called for a motion to leave Advisory and replace the Victory fund with Seizert Mid Cap Fund.
Second to the Motion by Member Morgan

Unanimous by the Board

Ian concluded his presentation at 9:40 am and left the meeting.

5. **PRINCIPAL**

Jackie Deckman

Jackie opened her presentation on the Investment Performance pages 31/32. She stated that Health Care and Utilities are the highest sectors/funds. The three (3) funds to look at are the Midcap Blend; Large Blend; and Small Value. International is down 4-5% with mild negatives. US is robust in recovery and Europe is watching.

She commented that we would see three more quarters of underperformance in International that will affect the International portfolio. Energy has been affected by the drop in fuel costs; consumers have more money in their pockets; employment improved; wage growth – are all positive for the consumer.

Across the board, Jackie stated that the funds have good recovery and remain competitive.

She directed the Board to page 31 – Large Growth Fund – T. Rowe Price – this fund is looking good at YTD at 8.27; Amazon is 22% strong and is not on the watch list.

5. **PRINCIPAL**
(Continued)

Jackie Deckman

Page 32 – Mid Cap Value – 14.75 - Fidelity Advisory, Jackie commented that there are no issues unless it goes to Large Cap. 3/5 years remain strong. She has no concerns and stated that this is not a trend.

International Equity – is negative for the year at -7.16 vs. the peer group. Jackie stated that it will get worse. As far as actions to take – Jackie pointed out that all international funds look similar so she feels there is no reason to change. She proposed to shelf it until the next meeting. Euro Pacific/Principal Diversified Funds should be considered to replace Harbor. She referenced that there are fact sheet handouts in the back of the presentation folder for review.

Chairperson Echols asked Jackie what actions should be taken by the Board. Jackie suggested that no actions be taken at this time and that the Board should wait a few quarters. Member Lockhart commented that we would ride it out, but should consider adding something to International as an option. Jackie stated that we should diversify. Member Lockhart agreed to research and find a fund at the same expense levels.

Goldstein
Lft 10:04

Jackie commented that Euro Pacific is a very diverse fund and to add it would diversify the Board strategy. Chairperson Echols stated to bring this subject to the next meeting. Member Lockhart felt that it should be taken care of at this time.

Goldstein
Rtn. 10:10

Handouts were provided in the Principal Financial presentation booklet. The two international funds discussed were Diversified International R5 Fund and the American Funds EuroPacific Growth R3 Fund. Jackie stated that either of these are good funds.

Chairperson Echols called for a motion to add either of the funds.

MOTION:
Diversified International R5 Fund

Member Milligan made the motion to add the Diversified International R5 Fund to the Pension Plan

Second by Member Morgan

Unanimous by the Board

Jackie concluded her presentation, thanked the Board for their time and left the meeting.

6. **RETIREMENT APPLICATIONS**

1. Corbin, Miriam M. – Consolidated Plan, Unreduced Early Retirement. Single Life Benefit.
Effective 12-01-2014. Monthly Benefit \$2,986.55.
Employed 10-11-1991 to 11-28-2014, 23 years 1 month. Employment Manager.
2. Dobbins, Scott H. – 4022 Plan, Unreduced Early Retirement. Alternate Magic 80 Single Life Benefit.
Effective 12-01-2014. Monthly Benefit \$4,674.84.
Employed 01-02-1986 to 11-28-14, 28 years 11 months. Fire Station Commander.

6. RETIREMENT APPLICATIONS
(Continued)

3. Dollar, Tamra L. – Consolidated Plan, Unreduced Early Retirement. Single Life Benefit.
Effective 12-01-2014. Monthly Benefit \$3,149.93.
Employed 08-24-1984 to 11-28-2014, 30 years 3 months. Community Development Specialist.
4. Massey, Robert H. – Consolidated Plan, Unreduced Early Retirement. Single Life Benefit.
Effective 12-01-2014. Monthly Benefit \$3,687.51.
Employed 01-26-1984 to 11-28-2014, 30 years 10 months. Electrical Designer.
5. Maynard, Nancy E. – Consolidated Plan, Normal Retirement. Single Life Benefit.
Effective 12-01-2014. Monthly Benefit \$932.68.
Employed 11-15-2000 to 11-28-2014, 14 years. Purchasing Agent II.
6. Pitts, Joseph A. – Consolidated Plan, Early Retirement. Single Life Benefit.
Effective 12-01-2014. Monthly Benefit \$652.47.
Employed 11-14-2001 to 01-07-2005 and 11-20-2005 to 11-28-2014, 12 years 2months.
Projects Planner Water & Sewer.
7. Clackum, Annie Ruth – Consolidated Plan, Survivors Benefit.
Effective 01-01-2015. Monthly Benefit \$2,973.53.
Beneficiary of Donald E. Clackum.
8. Beard, Marsha J. – Consolidated Plan, Normal Retirement. Single Life Benefit.
Effective 02-01-2015. Monthly Benefit \$2,873.91.
Employed 01-29-1990 to 01-30-2015, 25 years. Manager of the Tax Dept.
9. Bishop, Hilda A. – Consolidated Plan, Early Retirement. Single Life Benefit.
Effective 02-01-2015. Monthly Benefit \$622.92.
Employed 11-05-2001 to 1-2-2015, 13 years 1 month. Housing Specialist.
10. Burnette, Judy K. – Consolidated Plan, Normal Retirement. 100% Pop-up Joint & Survivor Benefit.
Effective 02-01-2015. Monthly Benefit \$1,690.60.
Employed 05-13-1998 to 01-30-2015, 16 years 8 months. Benefits Manager.

Chairperson Echols called for a motion to approve the Retirement Applications.

MOTION:

Approval of Retirement Applications

Member Goldstein made the motion to approved the Retirement Applications as presented in the meeting Agenda.

Second by Member Lockhart

Unanimous by the Board

7. **OLD BUSINESS**

Beneficiary Benefits – 4022 Plan

Tim Milligan

Member Milligan addressed the Board reference to Beneficiary Benefits for the 4022 Plan. He stated that it is confusing as there is only a small group that this applies to; however, he will draft a clarification and send it to the Pension Board for review as it has to be approved by City Council and will then become part of the City Ordinance.

He also will request that the Benefits Attorney, Patti Keesler be able to address legal issues for the Pension Board and make it into a motion to go before City Council.

**MOTION:
PENSION BOARD ATTORNEY – BENEFITS LAW GROUP**

Member Lockhart made the motion that Patricia Keesler, Attorney, or representative from the firm of Benefits Law Group be allowed to address City Council reference to Pension Board legal issues and Ordinances.

Second by Member Milligan

Unanimous by the Board

Member Milligan will communicate with Patti Keesler after the March Council meeting. He also confirmed that he will make changes to the Investment Policy Statement as previously discussed and have it at the next meeting.

8. **NEW BUSINESS**

- **Spousal Benefits** – Chairperson Echols spoke with Ed Koebel of Cavanaugh and he confirmed that providing spousal benefits would decrease our funded ratio. This would be referred to as a Pre-Retirement death benefit. Ed can run several plans for this scenario at a fee of \$1500 plus \$500 for every scenario. There were no recommendations at this time.

There were continued general discussions on insurance rates based on age; and discussions on insurance that could possibly go through the Supplemental Pension Plan.

**- GAPPT Annual Meeting – 2015 Dues
(GEORGIA ASSOCIATION OF PUBLIC PENSION TRUSTEES)**

Chairperson Echols, Members Freddy Morgan and Tim Milligan confirmed their planned attendance. Costs are approximately \$59 each plus hotel costs of approx. \$105.00 per night.

**MOTION:
GAPPT CERTIFIED PENSION PLAN TRUSTEE SCHOOL**

Member Morgan made the motion that Travel & Training for the GAPPT School & renewal of GAPPT annual membership dues are to be paid by the Pension Plan.

Second to the motion by Member Zerbe
Unanimous by the board

Next Pension Board Meeting is scheduled for Wednesday, May 13, 2015.

9. **ELECTION OF OFFICERS**

Chairperson Echols stated that it is time for the re-election of the Pension Board Officers. Member Goldstein proposed that the officers remain as is at this time.

Chairperson Echols called for a motion:

**MOTION:
PENSION BOARD OFFICERS**

Member Goldstein made the motion to leave the officers as currently in office.

Barry Echols – Chairperson
Freddy Morgan – Vice Chairperson
Sam Lady – Ex-Officio – Treasurer - Finance
HR Director – Ex-Officio – Secretary – Human Resources

Second to the motion by Member Milligan
Unanimous by the board

10. **SUNTRUST – LEGAL ENTITY**

In follow up to discussions, it was agreed that during the interim period while there is not a Benefits Manager to sign the SunTrust Legal Entity forms, the following will be available if and when needed:

**MOTION:
LEGAL ENTITY - SIGNATURES**

Member Goldstein made the motion for the following signatures to be used on the Legal Entity documents until a Human Resources Benefit Manager is hired/available.

Second to the motion by Member Morgan

Barry Echols – Chairperson
Sam Lady – Ex-Officio – Treasurer - Finance
Bill Bruton – City Manager - Pension Board Member

Unanimous by the board

11. **ADJOURNMENT**

Chairperson Echols called for a motion to adjourn.

**MOTION:
ADJOURN**

Member Milligan made the motion to adjourn.
Second by Member Morgan


Meeting adjourned at 10:49 am 02.11.15

Unanimous by the board

PENSION BOARD MEETING

**Wednesday, February 11, 2015
9:00 AM – Fourth Floor Conference Room**

APPROVED THIS 12th DAY OF August, 2015



Barry Echols, Chairperson, Pension Board

ATTEST:



Elizabeth Hammock, Admin. Assistant II – Human Resources